

**Forum of Indiana Financial Officers
And
Operations Forum
Joint Meeting
February 25, 2004**

The meeting opened with introductions by all present. Jim Low, DWD Monitoring, shared that monitoring has five visits to go and is approximately one month behind in issuing its reports. The feds are to conduct four site reviews sometime during April-May, 2004; the sites are not yet known. The feds will look at procurement and governance, i.e. WIB structure, how WIA has been implemented, and WIB oversight. DWD will contact the sites once their identities become known. Kathy Brooks and Jim Kenny will be the reviewers; Jim will try to tag along.

Jake Dunton then conducted his presentation on the cost allocation review final report. He distributed a handout provided by the Office of the Inspector General as its audit report on WIA. His firm reviewed all 16 sites and has issued reports on all but one. Comments of some fashion were provided to all. They looked at everyone's cost allocation plan so as to enhance DWD's understanding of what is going on out in the field. There were no "I gotchas". Most cost allocation plans tended toward the middle.

Clay Jackson, DWD, Chief of Analysis and Negotiations, then addressed cost allocation technical assistance. He stated that the State has discussed hiring a CPA firm to provide technical assistance to WIBs regarding cost allocation. DWD would solicit a CPA firm to do this. Larry Hoskins did solicitations to all WIBS; only 6 responded. DWD would get feedback from the CPA firm it solicits. The question arose as to if WIBs would be required to take the CPA's advice. Also, to whom would the CPA firm be accountable? Concern was expressed that it would only be to DWD and not the WSAs. Jake Dunton replied that the CPA firm would have to be accountable to DWD but would help the local area develop a plan that works for the WSA/WIB. A suggestion was made that DWD provide a grant to the local area which could choose its own CPA.

The question was raised, "Are there any takers for technical assistance?" Shawnee Trace/Vincennes and South Central expressed interest. If the state chooses the CPA firm for cost allocation technical assistance, that firm could not be contracted by any local to conduct its audit. E-mails were to be sent to Larry by 3/5/04 if interested in conducting an independent solicitation for technical assistance. Clay Jackson provided copies of the new cost allocation policy; they have been mailed out. FIFO's recommendations have been included.

Jennifer Biddle then provided an operations update as Bill Miller was unable to attend. Indiana did excellent with its implementation of Welfare-to-Work. Nationally, 12% of funds were returned unspent. Indiana averaged a return of only 1.1% unspent. The GAO just released a report on WIA youth programs; this was requested by Sen. Kennedy. Information was obtained on implementation and effectiveness, how services were delivered and the value of DOL guidance. The report found that serving out-of-school

youth is difficult and that it is hard to do mentoring and follow-up. Exchange forums and the Promising Practices website were offered as technical assistance. It was noted that while states exceeded performance goals, the data was questionable due to quality. GAO recommends that DOE and DOL coordinate on serving school dropouts. Congress and the feds are looking at data quality.

Jennifer went on to report that WIA reauthorization does not look promising to pass prior to 6-30-04. Congress seems to be in the mode of passing continuing resolutions. It is not known what effect this will have upon common measures. Once there is resolution regarding reauthorization, information will become available as to state allotments, local allocations and common measures.

There will be an One-Stop Operators meeting on 4-22-04 at the Four Winds in Bloomington. More specific information will be forthcoming. The next Operations Forum will be 3-24-04 in Room 4 of the Conference Center. If anyone has items for door prizes for the O/S meeting, please e-mail Gina at Gina@worksights.com. Beverly Ford case management training will be held 3/16 and 3/17; only those individuals who have attended her training will be allowed to attend a follow-up session in 5/04. The LifeLong Learning Center is hosting Ruby Payne on 5-14-04 at IUPUI; check their website for more information. Attendees will receive a copy of her newest book. Bill Miller is working on addressing technical assistance needs. Submit ideas to him, Miche Grant or the Operations Forum.

Virginia Harrold spoke about the new procurement policy. The small purchase threshold now matches that of OMB; it is \$100,000.00 rather than \$75,000.00. In the past, WIBs did self-certification letters; this is no longer necessary per page 2 of the policy. Sole source procurement is addressed on page 5 of the policy and applies to contracted services. Page 4 of the policy addresses procurement solicitations involving multiple WIBs. Connie Ahlers asked if the state can give blanket approval so areas do not have to approach the state each time. A question was raised as to the capitalization of equipment over \$500.00. Virginia responded that DWD property management policy remains unchanged. Equipment over \$500 in value is to be tagged and must be procured if over \$5000.00; Virginia will double-check this. She then briefly discussed Integrated Services Contracts. A telephone and space survey is being developed. She asked if this could be used as the narrative.

A combined discussion between FIFO and the Operations Forum then followed as to how we can work together better. One area shared that fiscal and operations must work together closely, but there is no need to always agree. Operations rely heavily upon fiscal in the areas of procurement and contracting. We need to fully understand the definitions of line items. Within different grants, we need operations and fiscal to jointly define what is allowable. Another area stated that they have monthly operation team meetings with managers, county coordinators and fiscal. There is a need to involve fiscal in the budget portion of the grant or this can create problems. For example, regarding Energize Indiana and Reed Act funds, the former has no money for staffing; thus it is necessary to coordinate where to show staff costs.

The Office of the Inspector General considered WtW and WIA failures; they were rated 2 on a 5 point system. OIG stated that there is nothing to track how to improve someone's life, and nothing as to what it costs to do something, meaning there is no information on return on investment. It is a win-win if program and fiscal staff understand each other and how fiscal and performance measures fit together. This needs to also link with economic development. The Department of Commerce has local economic development committees. Commerce and DWD in one area recommended the WIB as this entity.

LUNCH Break

Following lunch, Craig Thompson updated all present about his life. Craig stated that Bill Clark prepares 33 reports each month which are incorporated into the report which he provided. If Indiana expends at least 70% of its WIA allocations in three years, it becomes eligible to receive funds from other states which have not. Indiana ranks 15th nationally in adult expenditures; 35 states are expending at a higher rate than us. Indiana ranks 21st in dislocated worker spending and 22nd in youth spending.

PY'02 funds must be spent by 6-30-05 or Indiana loses them. Indiana has 5.5 million dollars left out of 35 million. There is no problem with the adult programs in expending this. East Central, Ivy Tech (WDS) and IPIC need to expend their admin; WDS, North Central, IPIC and Southern Seven need to increase their youth spending; and WDS and Southern Seven need to increase spending dislocated worker funds. All other areas are on track. PY'01 ends 6-30-04. Regarding PY'02, 13 of \$46 million has been spent; this is okay due to prior year funding. There is no chance that Indiana will lose PY'01 funds. National Emergency airline contracts have \$10,000 remaining out of \$3,000,000. Steel contracts have \$800,000 left and have spent \$1.5 million. There is only \$7000 remaining out of \$1.5 million in incentive awards. Indiana is on track with all special awards. Current incentive funds are good through 6-30-05. Regarding PY'04 allocations, appropriations have been done but two issues remain regarding allocations. These are whether to block grant WIA and Wagner-Peyser together or allocate them in the normal manner.

For PY'05, Personal Reemployment Accounts are again proposed to be funded up to \$3000 per account as a pilot project. ATAA becomes available for those over age 50; they must waive all benefits for schooling and then can receive payments equivalent to ½ the difference between their old and new salary (up to \$10,00 and for up to 2 years). There is a wild card in DLW funding; there may be no hold harmless clause.

Roger Detzner then shared what was learned at the New Orleans fiscal training. Training on financial management was conducted as to a new Technical Assistance Guide. DOL conducted a presentation on WIA reauthorization, stating that all is subject to change. There is no change in the 30% unexpended rate. Questions and Answers are to be issued in late spring on expenditures versus obligations. Up to 10% of allocated funds can be used for an Incumbent Worker program. This requires employer match based upon the size of the employer. A new version of OMB cost principles is under review and includes doing business in Canada and Mexico. A question was raised on the costs

associated with reporting on core, intensive and training services- can we use federal dollars to meet this state mandate? It was stated that this is okay.

Board meeting expenses are allowable program costs. The Executive Director should divide his/her time between program and admin costs. Program income must go back into the program. Areas can pay for employer recognition based upon local policy. We can pay for Chamber dues; however, the Chamber cannot use our dues for lobbying. WIA can pay for a course in religion as long as it is part of a curriculum; Jennifer Biddle will check on this. Interest on leased/purchased items can be paid but not interest on borrowed money. Economic development activities are disallowed as are expenses related to a business incubator. Regarding fee for services- we cannot use WIA funds/revenue as stand in cost; this must be program income.

Roger reported that he met with Ed Donahue, DOL, who stated that a not-for-profit cannot profit when WIA funds are involved; the excess funds generated over cost must be reported as program income. If an agency uses its own funds to produce fee for services and generates a profit, that profit is its own. If off the shelf testing is delivered and is available to everyone, even if it is used for WIA enrolled clients, a profit can be claimed. If not-for-profits and local units of government negotiate fixed unit price contracts for WIA clients, it is incumbent upon them to write into the contract that they can review the books of the entity providing the service and that any program income can be recaptured. We need to include language in the contract that we have the right to review if program income is generated. This is not necessary for cost reimbursement contracts. More clarification is needed as to customized training contracts. This can affect those areas with IMPACT contracts as FSSA reimburses on a unit rate; contractors may have to prove that no program income was generated and, if it was, reimburse this amount to FSSA. It was agreed that more guidance from DWD and DOL is needed in this area and will be sought.

There being no additional items of discussion, the combined FIFO/Operations Forum meeting ended. Each group then met separately.

Operations Forum Break-Out Meeting February 25, 2004

A memo was generated by Rick Lindsay dated 2-24-04 on entering training codes for dually enrolled clients. A related question was raised as to how to record ITA amounts for dually enrolled clients. Only one program pays the ITA and that amount is recorded in the activity record. If you don't know up front which program will fund the ITA, put the client in activity code 20 for both and then you can backdate your entry. There is nothing that prohibits putting a client in activity code 20 for more than one program. Rick stated that a credential can be obtained for an individual enrolled in a national emergency grant even if the client is not entered in activity code 20 as long as he or she is enrolled in "20" for the other "dislocated worker" program.

Some discussion followed as to co-enrollment of clients, including what criteria is used by WSAs and how is this done. The original application can be updated and recertified with new signatures obtained. Bill Miller would like to establish a best practices peer group as a form of technical assistance.

A draft of the new PMIS manual will be distributed to the MIS users for comments. It was decided that the Operations Forum needs to review this as a group and submit its comments. It is proposed to add a "CR" line code which would provide a local option for tracking credentials. The issue arose as to validation of dislocated worker eligibility and what is acceptable documentation. It was also shared that DWD program managers cannot share UI wage data which hinders local tracking of WIA performance. A brief discussion of marketing techniques used by the WSAs to attract potential customers followed.

Updated information was then shared about the upcoming One-Stop Operators Meeting. Hotel information should be available by Monday. A registration form is being developed. Melanie Arthur of Greg Newton & Associates will be a presenter. Information will also be shared on Indiana at Work, WIA reauthorization, Indiana modernization and Work Keys integration. Vendors from Jist, ACT, Possibility Network and others will be solicited. Anyone can attend this meeting which will address how to work together.